Rethinking Development Assistance and the Role of AID in U.S. Foreign Policy

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Introduction

What should be the role of development assistance in U.S. foreign policy? In a time when major political, economic, and social transformation has altered so much of the international landscape, how are important U.S. interests served through the distribution of development aid? More fundamentally, what needs (that is, what needs of the United States) does a program of development assistance meet? What should be the goals of this program? What strategies should guide aid distribution to help best meet those goals?

In other words, how should aid policy be shaped so as to yield in ten or twenty years' time a judgment that the goals were worthy, the policies effective, the results a success? And finally, at this moment of significant political transition in Washington, how can the Agency for International Development (AID) as the lead organization within the U.S. government for development assistance improve prospects that U.S. development policies will succeed?

This paper offers preliminary answers to these questions. It begins with an argument that at this moment in U.S. history, core needs, rather than national interests (however "vital") should ground U.S. foreign policymaking. These core needs, elaborated below, are: a) a safe and secure homeland; b) a dynamic economic engine capable of generating new wealth; c) strong friends and allies; and d) predictable relations with others. Meeting these needs requires at a minimum that the United States devise self-regarding strategies to manage its growth, promote prosperity, protect against dangers, and help strengthen others to act constructively on their own behalf and cooperatively in collective efforts.

In this regard, development assistance – even in its current, hobbled, earmarked state – plays an essential role in U.S. foreign policy. It is the only major U.S. policy that takes the longer view of circumstances abroad and of the longer term strategies likely to improve those circumstances by helping to create markets, reduce threats, encourage self-reliance, and promote rule-based regimes. In so doing, development assistance directly and uniquely serves each of the core U.S. needs noted above. Moreover, this distinctive focus on the longer term allows development aid to play a pivotal role in U.S. foreign policy more generally by reconciling two, perhaps overarching, strategic U.S. objectives:

- Maintaining U.S. preeminence and economic dynamism in
- A world changing for the better.

These objectives often find themselves in tension with one another. However, this paper takes the view that these objectives can be reconciled. Policies to improve the circumstances of the United States and maintain its political, economic, and military edge can coexist with – indeed, probably even depend on – policies that improve the circumstances of others. To be

sure, managing this coexistence will require tradeoffs and compromise in the pursuit of each of these strategic objectives. The present argument, however, rejects the "either/or" view, and instead maintains that the United States is not likely to achieve best results for either strategic goal if the other is not pursued with vigor. And development assistance lies squarely at the policy crossroad.

This paper concludes with an argument that to achieve maximum value for the dollars spent, development assistance should help prevent the emergence of mass violence via strategies of structural engagement. That is, the goal of development assistance should be to help create capable states.

Capable states are characterized by several factors: representative governance based on the rule of law, market economic activity, and a thriving civil society. In these states, essential security, well-being, and justice are available to all citizens. The societies of such states are not only better off they tend not to resort to violence to broker differences. Moreover, these states tend not only manage their own affairs in relative peace they also manage their relationships with neighbors and others in relative peace as well.

But often, states need help in becoming 'capable.' Certainly this was the plight of European and other states in the aftermath of World War II when the United States undertook the Marshall Plan. In this case, outside help was indispensable to the successful reemergence of Europe from shattering warfare, as it may be today for those countries struggling to break free of chronic conditions that inhibit growth.

Yet innumerable political, and perhaps moral, difficulties await those who would help. Some of these difficulties are anticipated in the following discussion. In view of these challenges, two principles should help guide structural prevention efforts: first, enduring freedom from fear and want is best achieved through democratic self-governance; and second, outside help, such as that brought to bear by development assistance, can only provide the margin of victory (however, it is important to note that the location of the margin will vary according to the circumstance). The following section on development assistance and preventing deadly conflict discusses both of these principles in greater detail.

In sum, development assistance is an essential, distinctive, component of U.S. foreign policy that serves core U.S. needs. And it does so in ways that reconcile the twin U.S. goals of strengthening its own position in the world while improving the lot of others with whom it interacts and on whom it depends for so much of its own success. By pursuing strategies that help create capable states, development aid will more constructively work to strengthen emerging nations and in the process help create markets, reduce threats, promote self-reliance, adherence to rule-based regimes, and prevent the emergence of mass violence.

Needs vs. Interests

Why is it more important to take a needs-based approach to U.S. foreign policy as against any other approach, such as a capabilities, threat, or especially interest-based approach? Why is a needs-based approach particularly relevant for the formulation of development policies? To

answer these questions, it may be helpful to project ten or twenty years into the future and try to identify where the United States would like to find itself – an exercise that reveals how core national needs serve more constructively to devise strategies to achieve those future goals than do other departure points.

Most analysts would agree that in the year 2020, the United States would like to find that it continues to enjoy a position of global preeminence. More specifically, it would be desirable for the United States to enjoy a high degree of political autonomy and influence, have global interests and reach, be economically prosperous (notwithstanding a significant projected rate of growth in its poorest quintile), lead the world in science and technology, and remain the dominant, if not predominant military power.

But what about the rest of the world? Most observers would probably also agree on the desirability of a world in 2020 as a place with a greater number of participatory democracies and market economies. Such a world would also have an inclusive and functional interlocking network of legal regimes, an improved global capacity to handle the world's problems, and be in the position where catastrophic nuclear war had become unthinkable.

Neither future is grandiose. It is possible to project these goals for the United States and for the world at large with a straight face. It will be impossible, however, to achieve this twin set of goals in anything approaching equal measure, however, unless the United States makes a deliberate choice to do so.

In other words, if, in twenty years time, we aspire to a nation and world as described above, then the United States must devise strategies to achieve these aims. And these strategies can only derive from an understanding of America's present core needs, inasmuch as needs, as discussed below, are a more reliable guide to grand strategy than are capabilities, threats, or even interests.

What are the core needs of the United States at present? As noted earlier, they are four: a safe and secure homeland, a dynamic economic engine capable of generating new wealth, strong friends and allies, and predictable relations with others. Moreover, for a country like the United States at this moment in its history, these needs share equal importance. It is impossible, for example to imagine a truly safe and secure U.S. homeland without strong friends and allies, and vice versa. Similarly, it is impossible to imagine that the United States could sustain dynamic economic growth without the kinds of rule-based regimes that bring order and predictability to so much of the world's economic and political life.

Contrast these needs with the commonly held view of vital U.S. interests that identifies, for example, access to foreign oil sources, unimpeded access to and the use of space, and preventing nuclear proliferation as vital to the United States. Such interests are of course important, perhaps even vital, to significant U.S. goals. But interests are transient and mutable, tied to the present and especially tied to present capabilities and present threats. As such, they do not provide a durable basis from which to plan the future. For example, if tomorrow, all of the world's nuclear weapons were safely vaporized, or technological advances led to the creation of energy sources that met life and production requirements without relying on fossil fuels, interests

in containing potential proliferators, or in assuring access to the world's oil reserves would greatly diminish in importance.

In contrast, needs persist despite changes in even important conditions. Needs are not merely repackaged vital interests, or even supremely vital interests. Needs differ distinctively from interests in quality and form.

- Needs endure; interests change. The United States has always had a need for a safe and secure homeland, economic dynamism, strong friends and allies, and a certain predictability to its international relations. It has not always had an interest in containing Communism, including China in the global trading regime, or in rendering humanitarian assistance to countries half a world away.
- Needs exist irrespective of constraints; interests are, in part, a function of constraints. In other words, needs exist regardless of one's capabilities, opportunities, limitations, or threat environment. Interests are formed or dissolved, heightened or diminished by these factors.
- Needs drive strategies; interests reflect strategy. The drive to meet core needs gives rise to strategies that are themselves a product of some mix of capabilities, opportunities, and threats or other limitations. Strategies, in turn, create interests that now must be acted upon for the strategy to succeed. A simple example makes the point. One has a need to eat. One's significant other owns a nearby restaurant. One devises strategies to maximize favorable exposure to the significant other, including using that restaurant as frequently as possible. New significant other? New strategies; new interests. But the fundamental need to eat remains.

Why is this discussion of needs important? Because it suggests a better way to understand the importance of development assistance and its unique potential to contribute to American goals over the long term. When one combines this understanding of basic needs with a clear vision of where the United States would like to be in twenty years and an equally clear view of the kind of world in which it would like to find itself, one can make sense of the barriers that exist to achieving that future and of the kinds of strategies and policies necessary to overcome those barriers.

Those barriers, such as burgeoning populations in chronic poverty, struggling states with arrested economic development, weak, corrupt, or repressive regimes, wide ranging criminal networks that traffic in illicit guns and drugs, pose threats to core U.S. needs and impede efforts to achieve a brighter future.

These challenges are daunting, yet the world has learned much over the past fifty years about how to deal with them. Much is now known about the conditions of chronic poverty and ways to alleviate those conditions. Much too, is known, about ways to jump start economic growth, pressure difficult regimes, track and constrain criminal activity. To be sure, no fabulous, overnight cures exist, but the international community has learned much about ways to reverse negative trends and generate clear, if slow, improvement.

But the debilitating conditions noted above are not static. If they were, they might be more tractable and responsive to remediation. The real dangers, and the real impediments to

progress, stem from the fact that these conditions often lead to the outbreak and spread of mass violence. And it is this violence, its intensity and often chronic state, that causes setbacks in efforts to improve the world's conditions.

Thus, development aid should be aimed primarily to achieve the second strategic U.S. objective, namely, helping the world change for the better. And in this regard, it should work to prevent deadly conflict by helping to create capable states.

Development Assistance to Prevent Deadly Conflict

Over the past decades, development assistance has been refocused in various directions, with a mixed record of success. So it is with some trepidation that this paper suggests yet another approach to development, one that aims to prevent the emergence of mass violence – one that pursues deliberate strategies of structural conflict prevention.

Structural prevention emphasizes strategies to address the root causes of conflict that often lead to widespread violence. Here, prevention is not simply the avoidance of undesirable circumstances. Nor does it seek simply to repress potentially destabilizing change. Rather, structural prevention is an approach that actively works to prevent the emergence of massive violence through deliberate strategies that help create capable societies, or, more appropriate to bilateral U.S. efforts, capable states.

Again, capable states are those characterized by representative governance, market economic activity, and the rule of law. In these states, conditions of security, well-being, and justice prevail for all citizens making them better off and less likely to resort to violence on a massive scale. Significant research and world experience validates this simple truth.

Importantly, it is the intersection of these three conditions that holds the key to prevention. Security without well-being or justice is repression; well-being, without security or justice is precarious. Justice without security or well-being is not possible.

- Security is about safety, to be sure – safety from fear or threat of attack. But security is also about mutual accommodation – because persons who themselves feel safe but threaten others are dangerous.
- Well-being is about health – a healthy life in healthy conditions. But well-being is also about opportunity. Opportunity for education, training, and constructive employment – because healthy persons – especially young men – with nothing to do and few prospects can also be dangerous.
- Justice is about voice – the right of each person to have a say in how one is governed, and the right of each person to exercise that voice free from fear of reprisals or repression. But justice is also about accountability – because those who use their power to repress the rights of others are perhaps the most dangerous of all.

To repeat, conditions of fundamental security, well-being, and justice – and importantly, their interrelatedness (none by itself can produce stable, thriving populations) – not only make people better off, but also inhibit the tendency to resort to violence to manage differences and cope with

change. Again, the key here is not to suppress change or simply preserve the status quo, but rather to encourage the indigenous development of institutions and processes to help societies manage change in relatively peaceful ways. Many societies are able to manage their own development to achieve these objectives. Many others, however, are not.

The task for outsiders then, is to offer the kind of help that promotes these conditions while recognizing that the lion's share of the responsibility, effort, and credit for success ultimately resides with the insiders – those who are helped. But the kind of help needed is not always available, or if available, not always wanted. Finding ways to strike the right balance poses a continual political challenge.

Thus, the two principles identified earlier might prove useful to help guide the efforts of outsiders. First, enduring freedom from fear and want is best achieved through democratic governance. In other words, self-governing processes with the legitimacy to endure must be encouraged to take hold. In this regard, outsiders can help create the political and, if necessary, physical space for indigenous institutions and processes to operate. With such legitimate systems of self-governance, related processes to ensure widespread economic opportunity and enfranchising systems of justice can be put in place, but help here also will be also often be necessary.

This "front-end" relationship between democratic, or representative governance, is an important feature of effective preventive strategies because ultimately, economic and other social systems that operate within states result from political decisions. The stability of these systems depends on the reliability of legitimate political processes that are transparent and accountable. Outside awareness of this relationship between democratic governance and effective economic development is essential to the legitimacy of the help outsiders bring to bear. Yet frequently, outsiders are criticized for their efforts – accused of malintentioned interference, or worse, in the internal affairs of other, often weaker, states.

Moral dilemmas arise when trying to reconcile the aim of outsiders to help create capable states through the infusion of assistance with the needs of insiders to manage their own affairs. Success may require that outsiders limit their help to urging the broad direction of change (i.e., toward democracy and economic reform), while leaving insiders arrange the details and set the pace.

Thus, the second principle cautions outsiders to understand the limits of their responsibilities and potential effectiveness. Here, one should remember that outside help can only provide the margin of victory. But where is that margin? Is it only at the point necessary to put a developing state "over the top?" -- to edge it finally into full capacity for stable self-governance and normal relations with others? When the Marshall Plan concluded (early, it is worth noting), the states of Europe were by no means the economic giants of today, much less at full pre-war capacities. Yet they had achieved a stable level of self-governance and were able to move confidently into their future relations with others.

But the margin here, should be thought of as various points along the wide continuum of development where outside help can mean the difference between progress or stagnation. Such

help, for example, may be important to put initial systems in place, overcome unforeseen or otherwise insurmountable obstacles, or ease external financial or security pressures to open up room for internal processes to mature. The development margin, in other words, floats, depending on the circumstances of the country in need. Outside help, then, is likely most effective when used at the margins, and not when it is substituted for internal efforts.

This view of development assistance reveals how it works to respond to core needs and actively contribute to achieving desired futures by working to prevent the emergence of violent conflict through strategies that help create capable states. Its efforts orient on the longer term, with emphasis on promoting processes of democratization and economic reform. Its success can be seen most clearly not in what outsiders do, but in what insiders do on their own behalf.

Here, a word might be in order about operational prevention, that is, the use of exceptional measures to preempt fatal decisions and avert crisis. Development assistance as understood above, is not ideally suited for crisis response, even in the period following a conflict, when intensified efforts of post-conflict peacebuilding preoccupy outsiders and insiders alike. It lies beyond the scope of this paper to delineate the ways in which these circumstances present their own special demands to ensure that conflict does not resume and preventive efforts succeed.

However, while distinct from longer term development efforts, postconflict peacebuilding and emergency measures must take cognizance of the knowledge and experience base of such efforts to ensure that the emergency steps taken to help a society emerge from crisis succeed without putting in place conditions that could lead to a renewal of violence.

Development assistance has a clear role to play in advancing the interests of this country as it contemplates its path to the future. That role is not enhanced if development is recloaked as humanitarian aid in a burgeoning crisis. Effective U.S. foreign policy contemplates a role for emergency assistance (indeed, there is a near steady state need for such assistance in the world today), but diluting the development agenda with the requirement that it meet emergency relief needs will likely result only in policy confusion and ineffective engagements. In other words, humanitarian operations and development assistance do have clear points of articulation, but they remain distinct functions and do not easily or usefully substitute for each other.

What role, then, for AID? At this moment of significant political transformation in the United States, AID's internal examination of its strategic direction and policy niche is timely and essential. Against the foregoing discussion of the importance of development aid not only to meet the core needs of the United States, but also to help secure the future it seeks, AID should assume the mantle of interagency lead in structural prevention. Its competence lies here, by virtue of its field knowledge, technical expertise, and operational experience. Indeed, AID stands alone among all U.S. foreign policy agencies with a long term orientation to the world's problems and to the capacity of the United States to join with others to work to solve those problems.

A determined strategy to prevent the emergence of violent conflict through policies that help create capable states – future capable partners for the United States – conveys unmistakable

benefit to others. This much is certain. Certain too, are the unmistakable benefits that accrue to the United States as one often called upon to intervene when a conflict has gotten out of control. But surely it is better prevent a conflict to begin with rather than deal with its consequences. Prevention saves more lives than heroism, including our own. And the job begins with the AID.